

1.0 Executive Summary

The Virginia Information Technologies Agency (VITA) will be the model of operational excellence, technology governance, and solutions delivery by partnering with an experienced industry leader who demonstrates the same passion, commitment, and vision in delivering a best value IT enterprise solution. The Northrop Grumman Team is that partner.

The Commonwealth of Virginia has made the priorities clear: improved delivery of agency and citizen services; career enhancement for VITA employees; decreased risk and greater economies through strong partnerships; superior technical support; innovative, improved IT solutions; and consistent transparency of operations.

Using the guidelines of the Public-Private Education Facilities and Infrastructure Act (PPEA), the Northrop Grumman Team proposes a managed partnership that leverages leading technology companies to achieve VITA's vision. The power of the proposed public-private partnership comes from the talented people who embody our solution. By cooperating and seamlessly sharing knowledge across organizations, we provide a framework of strength and stability.

Dedicated to the success of this program, the Northrop Grumman Team will provide the following as part of our role in the partnership:

- \$400+ million infusion of capital to Virginia that eliminates the up-front cost of funding transformational activities
- Extensive and proactive technology refreshment
- A shared services model for technology delivery
- New, collocated (VITA and Northrop Grumman) regional facilities to support VITA and the growth of Northrop Grumman and our team partners
- A long-term commitment to **Redacted** by establishing the region as Northrop Grumman's east coast service delivery hub for internal and external customer support
- The creation of new high-tech jobs for Virginians
- **Redacted from Public Document – Proprietary and Confidential**
- A reliable, agile IT infrastructure built to support other agencies, counties, cities, and educational institutions, resulting in improved cost performance
- The ability to establish and grow the VITA brand

Exhibit 1-1 describes the high-level approach to move VITA from the current operating state to a future state of operational excellence.

Redacted

Exhibit 1-1 Transforming VITA to a State of Operational Excellence

As a world-class systems integrator, the Northrop Grumman Team's approach will transform VITA into a model of operational excellence.

1.1 Commitment to Term of Proposal

The Northrop Grumman Team is proud to be a vital part of the Commonwealth of Virginia. For more than a century, we've been building ships at Newport News, and delivering information technology services and solutions to government and private sector companies. Our legacy in Virginia guarantees the Northrop Grumman Team's commitment to and beyond the contract term of this proposal.

1.2 Commitment to Scope of Services

The Northrop Grumman Team is committed to providing the scope of services discussed in the Comprehensive Infrastructure Agreement and associated schedules within the Commonwealth. This partnership not only allows us to be a partner in the creation of an innovative IT environment for the Commonwealth, but also fosters the growth of our own IT facilities and practices.

Our proposal details our approach for successfully transitioning affected VITA employees, modernizing the infrastructure, and helping to create a state-of-the-art environment that will enable VITA to build its brand. Technology transformation is only the beginning of what can be accomplished, and the Northrop Grumman Team will deliver the ultimate benefits and achieve VITA's strategic objectives.

1.3 Overview of Vendor Qualifications

A \$30B company, Northrop Grumman provides technologically advanced, innovative products, services and solutions in systems integration, information technology, shipbuilding, space technology, defense electronics and advanced aircraft. Three of the company's seven sectors are headquartered in Virginia: Information Technology, Mission Systems and Newport News.

Information technology, represented by the Information Technology and Mission Systems sectors, accounts for one-third of Northrop Grumman's business with approximately \$10B in annual revenue. The Information Technology sector delivers advanced enterprise, infrastructure and security solutions for all levels of government and commercial clients.

Northrop Grumman has first-hand experience with the intricacies of the PPEA along with proven management methodologies and best practices to support large-scale, complex programs. We are executing a PPEA partnership to deliver Roanoke County's new integrated command and control center. Our successful partnership with the Texas Department of Information Resources provides information and computer services, disaster recovery, and application development services to tax supported organizations to reduce information technology costs in the State of Texas. We currently support 1,000 sites and 45,000 users with a multifunction single point of contact help desk, network and security operations center for the Department of Homeland Security's Immigration and Customs Enforcement (formerly INS).

In addition to external efforts, the VITA transformation effort is similar in scope to Northrop Grumman's and HP's internal IT transformations. Over the past 10 years and 20 acquisitions, Northrop Grumman has recognized over \$1B in savings and cost avoidance from internal IT transformation and consolidation efforts. HP successfully implemented the largest, most complex IT integration in history with the merger of HP and Compaq, resulting in \$3.5B in savings and reducing recurring IT costs by 24 percent.

The Northrop Grumman Team provides local Virginia expertise and resources that cannot be offered by others. Our team includes *MCI*, the Commonwealth's current provider of data network services; *Booz Allen Hamilton*, the largest and most stable Virginia-based strategy and technology consulting firm; *Hewlett Packard*, a leading inventor of technology that invests nearly \$4B annually in technology research and development; and *Northrop Grumman*, the largest technology systems integrator and second largest private employer in Virginia. Along with *Gateway*, technology partner; *Virginia BioTechnology Regional Park Authority*, *Whiting-Turner*, and *McKinney & Company*, facilities infrastructure partners; and *JPMorganChase* and

Morgan Keegan, financing partners; the Northrop Grumman Team provides an unrivaled level of expertise ready to support the heavy lifting of VITA's transformation.

1.4 Overview of Proposed Solution

Implementation and operation of IT infrastructure is the core focus of the proposed partnership. Our proposal details the Northrop Grumman Team's approach to implement, manage, modernize, and secure common technology, including the supporting infrastructure (facilities), platforms (hardware/software), and trusted common network. As shown in **Exhibit 1.4-1**, our solution optimizes the Commonwealth's IT footprint by providing an agile infrastructure and services program that balances the local needs of the supported agencies and the opportunities to drive increased value through enterprise strategies.

We base our solution on the managed partnership delivering IT services, which allows VITA to shift its emphasis from managing day-to-day service delivery to technology governance. At the same time, VITA retains accountability for service delivery in the eyes of the legislature, ITIB, and citizens of Virginia. For this reason, our proposal implements qualified service level definition and management processes. Integrating service delivery and proven process management enables VITA to be more responsive. Focusing on employees' skills, identifying IT best practices, and enhancing the Commonwealth's ability to deliver solutions, VITA is able to meet customer needs in an innovative and cost-effective manner.

We designed each of our service solutions so that once implemented, they naturally evolve into managed technology services VITA can offer to county and local governments or to other institutions (e.g., hospitals, school districts, universities), thereby transforming VITA into a statewide business enabler. Each service represents a point in time where VITA can advance its position as an always-on transparent utility for:

- *Mainframe and Server Management Service*—From a new, Tier III data center **Redacted** VITA will be able to offer applications hosting on servers and mainframes and servers/server farm management.
- *User Support Help Desk Services*—A centralized help desk providing robust incident management will be situated with the backup data center, **Redacted** VITA will be able to offer end-to-end tracking and resolution management services to all customers, with three levels of technical support.
- *Network Management Service*—VITA will be able to offer trusted network connectivity from anywhere to everywhere, complete with the capacity and throughput to provide advanced

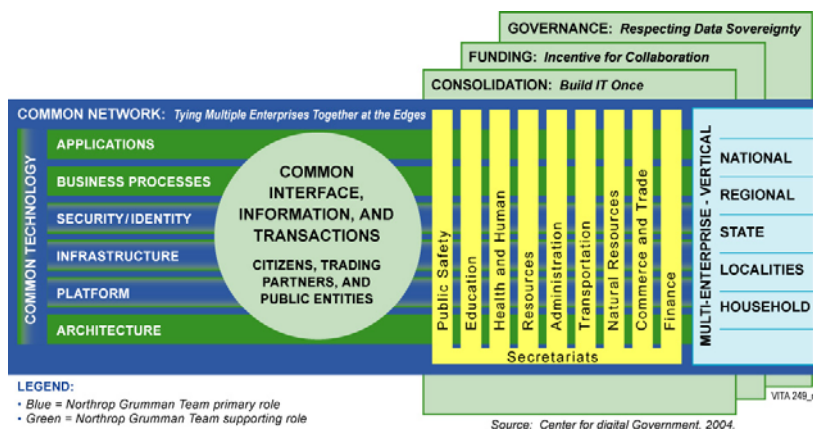


Exhibit 1.4-1 Providing One Solution to Many Customers
The VITA Services Partnership provides critical components to shift VITA customer relationships from a product to service experience.

services such as real-time video transfer from remote sites through our proposed Multi-protocol Label Switching network.

- *Desktop Refresh and Management Service*—Leveraging a newly constructed commercial Product Service Center in **Redacted**, our solution offers a choice of state-of-the-art equipment for office and personal computing including workstations, laptops, printers, and personal digital assistants.
- *Integrated Messaging Services*—Through the extensive capabilities of Exchange 2003, VITA will be able to offer an integrated messaging service that can include both user authentication and application user authentication.
- *Security Services*—VITA receives total IT security awareness from a “one button to push” capability, and receives real-time situational insight for the Commonwealth by leveraging the Enterprise Security Operations Center **Redacted** and a Centralized Security Incident Response Center in the **Redacted**.
- *IT Infrastructure Continuity Services*—Our comprehensive enterprise disaster recovery solution enables complete business continuity.

The Northrop Grumman Team recognizes that technology modernization is one component of a much larger IT transformation initiative in Virginia. Our solution carefully balances the changes of the infrastructure transformation with the evolution of VITA, forthcoming enhancements to the enterprise applications, and the ongoing refinement of the retained VITA organization. Our proposed solution leverages Booz Allen Hamilton’s multidimensional transformation framework to deliver the employee, economic, and technological advancements in an integrated, faster, and more efficient manner.

1.5 Overview of Proposed Implementation/Transition Plan

The Northrop Grumman Team was formed to provide the Commonwealth several discriminating elements that make our approach to the VITA transition challenges unique:

- Systems integration is essential to the success of this partnership because of the need for VITA to transform service delivery through consolidating, standardizing and leveraging a common infrastructure and forging existing and new personnel into a unified team.
- Our approach unbundles the elements of transition to ensure that the people, processes, infrastructure, and technology are given the attention needed to accomplish VITA’s transformation in a timely and cost-effective manner.
- Our ability to use a proven set of transition processes successful in previous projects as the basis for those to be adapted for VITA minimizes the risks involved.
- The communications and change management approach provided exclusively by our Team has been recognized as an industry-leading methodology. This ability to manage and communicate change is essential to affect the types of transition required by the VITA.
- The Northrop Grumman transition team consists of personnel who were involved in the due diligence activities, providing continuity of information and direct familiarity with the Commonwealth’s requirements, minimizing project start-up time.

Our transition approach focuses on three key success factors:

- *Managing the project*
- *Managing change*
- *Making the VITA Affected Employees and VITA Managed Employees an essential part of our Team from Day 1.*

Through technology modernization and consolidation, we establish a tiered support model that reduces recurring costs while improving service levels, increases customer satisfaction and minimizes risk. Our approach establishes standards, automates functions, consolidates hardware, refreshes technology, and centralizes services to effect change and revolutionize the current service delivery model.

The proposed approach is designed to accomplish the entire transition to a performance-based managed service environment within 27 months from the effective date. **Exhibit 1.5-1 (Redacted from Public Document – Proprietary and Confidential)** depicts a timeline of the major events during the transition process.

Over time, the various features of our approach evolve to become the basis for the high-level benefits. **Exhibit 1.5-2** shows a collective view of benefits that span people, processes, technologies, and infrastructure over the many phases of this effort.

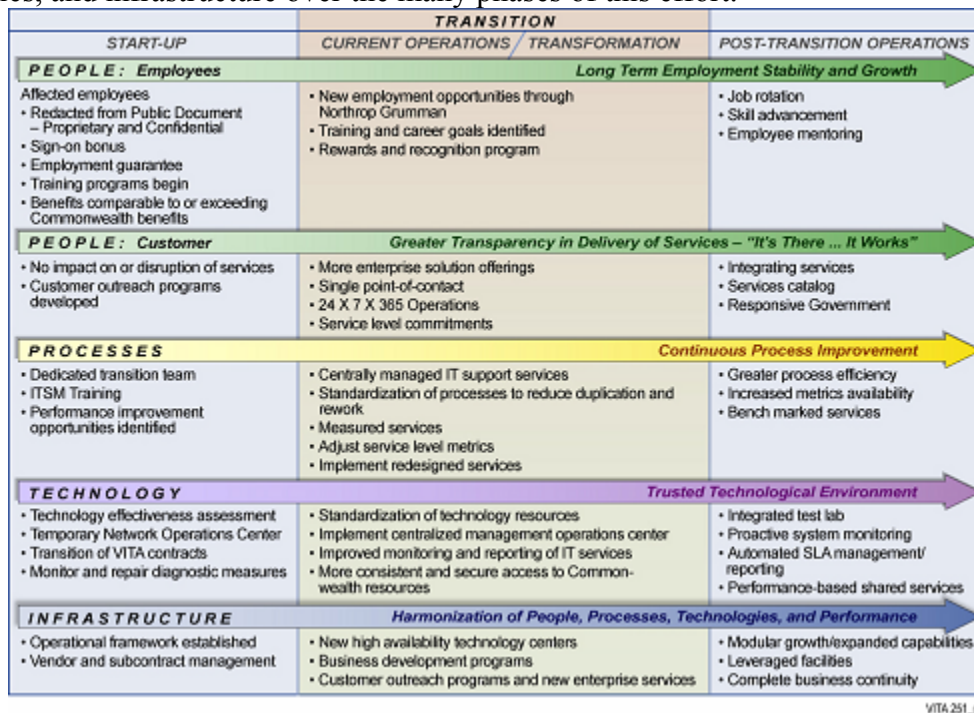


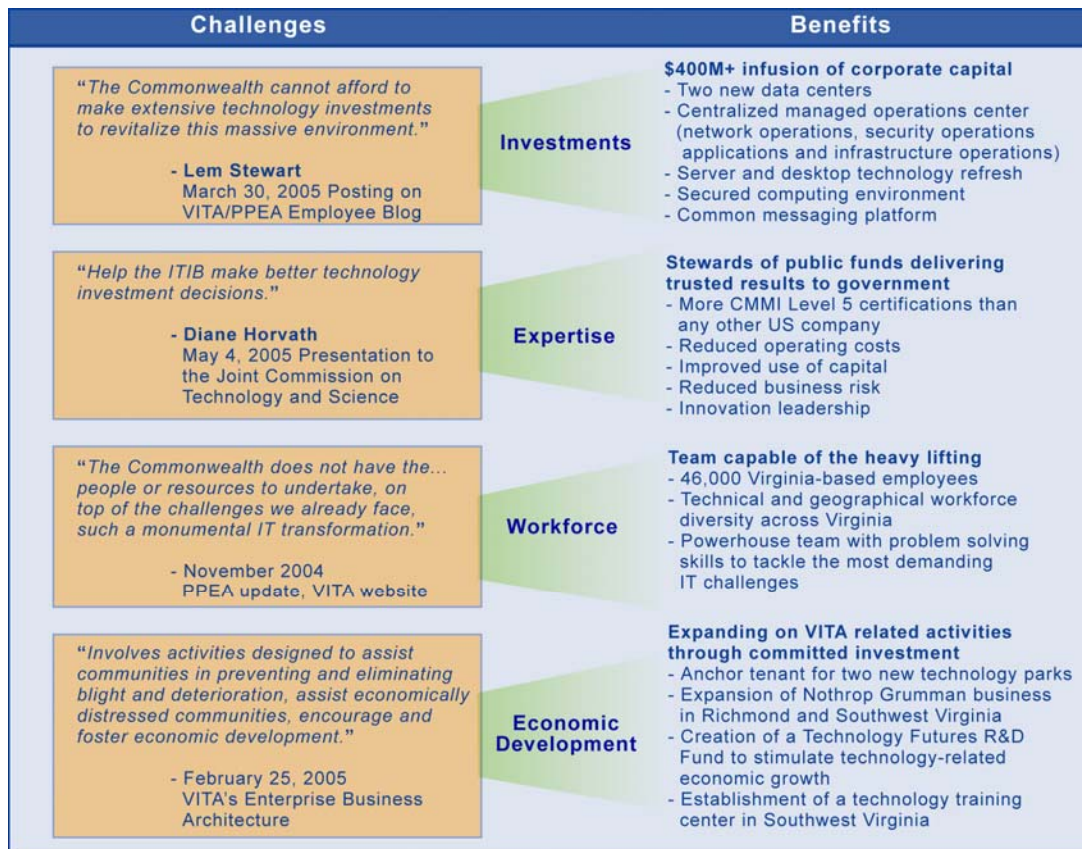
Exhibit 1.5-2 Providing One Managed Integrated Solution
The benefits from our approach grow as each feature of our solution develops.

1.6 Financial Summary (Vendor Proposed Best Pricing)

Redacted from Public Document – Proprietary and Confidential

1.7 Partnership Benefits to Commonwealth

Nationally renown for its innovative IT transformation initiative, VITA still faces many challenges in building an organization that provides best-of-breed IT solutions. The unsurpassed expertise of the Northrop Grumman Team will produce the required benefits to meet each of VITA’s challenges. **Exhibit 1.7-1** directly correlates those challenges to benefits that the Northrop Grumman Team alliance will yield.



VITA 314_r7

Exhibit 1.7-1 Partner of Choice to Meet Challenges and Deliver Benefits

Our unique relationship with Virginia positions us to understand your challenges and enables us to assist you in achieving your strategic objectives.

1.8 Commonwealth Economic Impact Template

VITA is challenged with spurring technology-based economic advancements in rural areas of Virginia through transformational activities. This partnership ensures VITA's success in driving economic development, and actually expands beyond VITA's role by co-locating Northrop Grumman activities in the **Redacted**:

"The new identity that your projects will bring to the region will also qualify us for consideration by other major technology-related companies for investment and job creation, making the long-term ramifications of this project staggering. It will forever change the economy of our region and will help to assure a bright and stable future for generations to come."

To further define the beneficial economic impact this partnership, Northrop Grumman commissioned an economic impact report from Chmura Economics & Analytics. This analysis is included in **Appendix 11-1.1**, along with the prescribed Economic Impact Templates, which are included in **Appendix 11-1.2 (Redacted from Public Document – Proprietary and Confidential)**.